

SB 862 (Lowenthal)

As amended 4/4/11.

Southern California Goods Movement Authority

BACKGROUND SHEET

PURPOSE

The Ports of Los Angeles, and Long Beach are the nation's 1st, and 2nd largest ports, accounting for approximately 40 percent of the nation's seaborne cargo. These goods are transported from the ports primarily by **diesel** fueled trucks, ships and trains.

The goods movement transportation system (highways and rail) is overwhelmed and the movement of goods heavily pollutes the surrounding communities.

SB 862 creates the Southern California Goods Movement Authority for purposes of entering into a MOU with a private entity, such as Pier Pass, to provide private funding to augment public funding for goods movement projects in Southern California. This public-private funding mechanism will allow the Ports of Los Angeles, and Long Beach to remain the leading economic engine in the state of California. Without these investments, the ports will struggle with growth resulting in cargo being diverted to other ports and countries.

SUMMARY

SB 862:

- Creates the Southern California Goods Movement Authority (Authority), a local entity comprised of representatives from the ports of Long Beach and Los Angeles, the cities of

Long Beach and Los Angeles, Anaheim, Riverside, San Bernardino, the Alameda Corridor Construction Authority, the LA County MTA, the Orange County Transportation Authority, San Bernardino County Association of Governments, and the Riverside County Transportation Commission.

- The Authority, shall establish a priority list of goods movement related infrastructure and air quality projects in Southern California.
- Requires the Authority to consult with the South Coast Air Quality Management District when compiling the list of air quality projects.
- Authorizes the Authority to enter into a Memorandum of Understanding (MOU) with Pier Pass or a similar entity created by the West Coast Marine Terminal Operator Agreement, for funding projects on the Authorities priority list.
- Specifies that the funding from PierPass is intended to leverage funds from other sources including local, state and federal sources.

BACKGROUND

- The Governor's 2006 Goods Movement Action Plan estimates goods movement infrastructure costs to exceed \$20 billion over the next decade. Additionally, the Emission Reduction Plan by the California Air Resources Board estimates cost to reduce goods movement emissions between \$6 - \$10 billion. Putting the total California goods movement bill at about \$26 - \$30 billion. Most of the cost is in Southern California. (These numbers are approximately 5 years old and could be considerably higher.)
- There is approximately \$3 billion in Proposition 1B for goods movement (\$2 billion for infrastructure and \$1 billion for air quality. However, the need is closer to \$30 billion and currently there isn't a funding plan in place make up the difference.
- According to the Los Angeles Economic Development Corp. (LAEDC), Southern California must spend at least \$10.5 billion to improve railroads, rail yards and highways to keep up with surging international trade or risk losing more than 500,000 new jobs and more than \$1 billion of taxes a year.
- Southern California risks losing \$12.1 billion in federal highway funds if federal Clean Air Act standards aren't met. So far, the basin has failed to meet national standards for ozone or for particulate emissions.
- PierPASS is a not-for-profit company created by marine terminal operators at the ports of Los Angeles and Long Beach in 2005 to address multi-terminal issues such as congestion, security and air quality. Under the program, all international container terminals in the

two ports established five new shifts per week. As an incentive to use the new OffPeak shifts and to cover the added cost of the shifts, a Traffic Mitigation Fee (TMF) is required for most cargo movement during peak hours (Monday through Friday, 3 a.m. to 6 p.m.). The Fee is imposed on all container trucks during peak hours. The fee is approximately \$50 per twenty foot equivalent unit.

- The State Air Resources Board recently estimated that over the next 15 years, polluting activity from operations at California's ports will have an aggregate health impact equivalent to approximately \$200 billion in present value dollars. These health costs are added to the cost of doing business in California.

SUPPORT

None received as of April 25, 2011.

OPPOSITION

Pacific Merchant Shipping Association (unless amended).

STATUS

Senate Transportation and Housing Committee hearing.

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